

Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 NEA-10 IO-13 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15

STR-08 CEA-02 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

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P 250913 Z JUN 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6181

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USADB

TREASURY FOR BARR

E. O. 11652: ADS, DECLAS 12/31/75

TAGS: EFIN, EAID

SUB: EXCHANGE RATES TO BE APPLIED TO ADB PROJECT BID
EVALUATION

1. BANK DOC R47-73 PROPOSED BANK ADOPT STANDARD PRACTICE
OF PERMITTING BORROWERS, WHEN ISSUING TENDER DOCUMENTS,
TO RESERVE RIGHT TO TAKE ACCOUNT OF CHANGES IN EXCHANGE
RATES UP TO TIME OF AWARD OF CONTRACT. AT 7 JUNE 1973
MEETING, BOARD DECIDED THAT PROPOSAL SHOULD TAKE FORM
OF FORMAL AMENDMENT TO BANK'S "GUIDELINED FOR PROCUREMENT"
RATHER THAN SERVE AS INFORMAL PRACTICE PENDING REVIEW
AND SUBSEQUENT ADOPTION AS FORMAL AMENDMENT.

2. IN LIGHT OF BOARD DECISION, BANK CIRCULATED DRAFT OF
REVISED PARA 2.4(C) OF BANK'S PROCUREMENT GUIDELINES FOR
BOARD APPROVAL ON AN OBJECTION BASIS, I. E., IF NO OBJECTION
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TO DRAFT EXPRESSED BY 2 JULY 1973, FORMAL ADOPTION EFFECTED.
DRAFT IN ENTIRETY FOLLOWS:

BEGIN QUOTE

REVISED PARAGRAPH 2.4(C) OF BANK'S
PROCUREMENT GUIDELINES

(C) CURRENCY EQUIVALENTS FOR BID COMPARISON-- FOR
BID COMPARISON PURPOSES, THE CURRENCY OR CURRENCIES IN WHICH THE
PRICE OFFERED IN EACH BID IS PAYABLE SHOULD BE VALUED IN TERMS
OF A SINGLE CURRENCY SELECTED BY THE BORROWER. IN MAKING THE
VALUATION, THE BORROWER MAY EITHER:

(I) APPLY EXCHANGE RATES PREVAILING AS OF A
REASONABLE DATE (SAY 30 DAYS) PRIOR TO THE DATE FIXED FOR THE
OPENING OF BIDS AND MAKE ARRANGEMENTS WHEREBY ALL PROSPECTIVE
BIDDERS MAY RECEIVE NOTIFICATION OF SUCH RATES AT A REASONABLE
TIME (SAY 15 DAYS) BEFORE THE DATE FIXED FOR THE OPENING OF
BIDS; OR

(II) APPLY EXCHANGE RATES PREVAILING ON THE DATE OF OPENING
OF BIDS, PROVIDED THAT ANY SUBSEQUENT CHANGE
IN EXCHANGE RATES OCCURRING BEFORE THE DECISION TO NOTIFY THE
SUCCESSFUL BIDDER OF THE AWARD OF THE CONTRACT SHOULD BE TAKEN
INTO ACCOUNT.

THE BIDDING DOCUMENTS SHOULD SPECIFY ONE OF THESE
ALTERNATIVE PROCEDURES AND THE CURRENCY IN TERMS OF WHICH THE
VALUATION WILL BE MADE. UNDER EITHER PROCEDURE, THE EXCHANGE
RATES USED FOR VALUATION PURPOSES SHOULD BE SELLING RATES
QUOTED BY AN OFFICIAL SOURCE AND APPLICABLE TO SIMILAR
TRANSACTION. END QUOTE.

3. USADB SEES NO PURPOSE IN RETAINING OLD PROCEDURE (C(I)
ABOVE) IN SUGGESTED AMENDMENT. CAN VISUALIZE NO SITUATION
IN WHICH IT TO BORROWER'S ADVANTAGE TO EXERCISE FIRST ALTER-
NATIVE C(I) WHEN SECOND ALTERNATIVE AVAILABLE. FIRST ALTERNATIVE
-- CURRENT PROCEDURE-- IMPLIES BORROWER MAY BE OBLIGATED
TO ACCEPT EQUIPMENT MORE EXPENSIVE THAN ALTERNATIVE
SOURCES OF SUPPLY WHOULD BE WHEN EVALUATED AT EXCHANGE RATES
CURRENT AT TIME OF CONTRACT AWARD (WHICH IS WHAT BANK WISHES TO
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AVOID). THUS INTEND TO SUGGEST DELETION OF C (I) IN AMENDMENT.

4. SHOULD DELETION BE ACCEPTED BY BOARD, MODIFIED AMENDMENT
APPEARS ACCEPTABLE. NOTHING IN AMENDMENT IMPLIES CHANGE IN
PROHIBITION AGAINST REVISION OF PRICE QUOTATIONS IN AWARD OF
CONTRACT ON BASIS LOWEST BID, I. E., ALL OTHER PROVISIONS

IN BANK' S GUIDELINES REMAIN OPERATIVE.
HAMILTON

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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